

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 3991

C O N F I D E N T I A L JIDDA 1775

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJECT: WORK OF CIEC

REF: STATE 20560

SUMMARY: ACCORDING TO NUMBER TWO MAN ON SAUDI DELEGATION TO ENERGY COMMISSION, SAUDI POSITION IS WELL PRESENTED IN GROUP OF 19 DOCUMENT OF JANUARY 26. HE WAS UNWILLING TO DISCUSS SUBJECT AT LENGTH, BUT COMMENTED THAT THERE IS CONSIDERABLE FEAR AMONG GROUP OF 19 MEMBERS THAT PRESIDENTIAL ELECTION MAY AFFECT U.S. DETERMINATION TO MOVE AHEAD IN CIEC. HE ALSO EXPRESSED DISAPPOINTMENT THAT NO REACTION TO GROUP OF 19 HAD BEEN ACHIEVED, AND SAID THE GROUP OF 19, AND SAUDI ARABIA, ARE NOT DOWNGRADING EFFORTS IN OTHER THREE COMMISSIONS. END SUMMARY.

1. EMBOFF DISCUSSED CIEC WITH ABDULLAH GAMRI, CHAIRMAN OF PETROMIN MARKETING DIVISION AND NUMBER TWO SAUDI DELEGATE BEHIND ABDOHADY TAHER. GAMRI WAS RELUCTANT TO DISCUSS DETAILS OF SAUDI POSITIONS OR TO RESPOND
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TO VARIOUS QUESTIONS POSED IN REFTEL. HIS POSITION

WAS THAT THE ENERGY COMMISSION MUST FIRST PRODUCE NECESSARY BACKGROUND DATA FOR DISCUSSION. AFTERWARDS IT WILL BE POSSIBLE TO PROCEED TO DISCUSS SUPPLY, PRICE AND COOPERATION. HE FURTHER SAID THAT SAUDI POSITION IS ACCURATELY AND FULLY DESCRIBED IN CIEC DOCUMENT CCE1CP2, PRESENTED BY THE GROUP OF 19 ON JANUARY 26. EMBASSY HAS NOT RECEIVED A COPY OF THAT PAPER AND WAS THUS NOT ABLE TO QUESTION GAMRI IN A MANNER WHICH MIGHT HAVE CLUCIDATED COMMENTS IN DEPTH. WE WOULD APPRECIATE RECEIVING A COPY OF THIS DOCUMENT, AND ANY OTHER SIMILAR DOCUMENTS ASAP, AND ON A CONTINUING BASIS. GAMRI SAID HE COULD NOT GIVE OUT COPIES, BUT THAT THE PAPER WAS AVAILABLE IN PARIS.

2. GAMRI DID SAY THAT SAUDI AND OTHERS IN THE GROUP OF 19 WERE DISAPPOINTED THAT NO RESPONSE TO THEIR PAPER, NOR EVEN A SEPARATE PAPER OR POSITION, HAS BEEN FORTHCOMING FROM THE INDIUSTRIALIZED COUNTRIES. MANY, GROUP OF 19 MEMBERS, HE SAID, HAVE INTERPRETED THIS LACK OF RESPONSE AS FOOT DRAGGING.

3. GAMRI WAS ALSO CONCERNED THAT THE U.S. DELEGATION MAY NOT BE DETERMINED TO MOVE TOWARD AGREEMENT BECAUSE THIS IS AN ELECTION YEAR. DESPITE EMBOFF ASSURANCE THAT U.S. IS DETERMINED EXERT EVERY EFFORT TO MAKE SOUND PROGRESS, GAMRI INSISTED THAT THE U.S. DELEGATION SHOULD TAKE STEPS TO DISPEL FEARS ABOUT THE DETRIMENTAL EFFECTS U.S. POLITICS MIGHT HAVE ON CIEC OPERATIONS.

4. GAMRI ALSO COMMENTED BRIEFLY ON SAUDI WISHES TO MOVE INTO THE DOWNSTREAM END OF THE PETROLEUM PRODUCT PROCESS. ONE MAJOR ELEMENT OF THE GROUP OF 19 APPROACH, ACCORDING TO HIM, WILL BE AN EFFORT TO INDUCE THE INDUSTRIALIZED WORLD TO REMOVE BARRIERS TO PETROCHEMICAL DERIVATIVE EXPORTS. THESE BARRIERS MIGHT BE IN THE FORM OF TARIFF PROTECTION OR IN AREAS NOW LABELLED EVEN AS NON-TARIFF BARRIERS; FOR EXAMPLE, MANY COUNTRIES MAY NOT HAVE THE PHYSICAL FACILITIES

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NECESSARY TO PERMIT IMPORT OF LNG.

5. GAMRI WAS QUITE OPTIMISTIC ABOUT THE OUTLOOK FOR THE CIEC. HE DESCRIBED THE ATMOSPHERE AS "GREAT". HE ALSO DESCRIBED THE GROUP OF 19 DOCUMENT REFERRED TO ABOVE AS PROOF POSITIVE THAT THE GROUP IS ABLE TO COMPROMISE, AND TO WORK TOGETHER FOR MUTUALLY DESIRABLE ENDS. REGARDING EFFORTS IN THE THREE

"OTHER COMMISSIONS, GAMRI SAID IT IS EASY TO POINT OUT THAT THESE OTHERS HAVE MOVED FASTER THAN THE ENERGY COMMISSION. THE OTHERS ARE ESSENTIALLY GOING OVER FAMILIAR GROUND--DOVERED BY MANY OTHER MULTINATIONAL BODIES IN THE PAST. SAUDI ARABIA AND OTHER GROUP OF 19 MEMBERS ARE CERTAINLY NOT PLAYING DOWN THE IMPORTANCE OF THE OTHER COMMISSIONS, ACCORDING TO GAMRI. NO CHANGE IN THEIR ATTITUDE HAS DEVELOPED. ON THE OTHER HAND, GAMRI IS CONVINCED THAT THE US IS STILL BASICALLY ONLY INTERESTED IN THE ENERGY COMMISSION, AND ONLY GIVING THE OTHERS LIMITED ATTENTION WHILE PURSUING ITS OWN GOALS IN THE ENERGY COMMISSION.

6. FYI - EMBASSY HAS BEEN EXPERIENCING EVEN MORE DIFFICULTY THAN USUAL CONTACTING ABDULHADY TAHER, GOVERNOR OF PETROMIN. TAHER IS THE KEY SAUDI THINKER ON OIL POLICY. HE IS ALSO MORE AWARE OF PRACTICAL CONSIDERATIONS THAN INDIVIDUALS HIGHER UP IN THE SAG. IN PAST MONTHS, ACCORDING TO VARIOUS SOURCES IN PETROMIN, HE HAS EFFECTIVELY DIVORCED HIMSELF FROM PETROMIN ACTIVITIES AS CO-CHAIRMAN OF THE ENERGY COMMISSION. ALTHOUGH THIS MAY BE GOOD NEWS FOR THE COMMISSION, IT MEANS A GREAT LACK OF LEADERSHIP IN PETROMIN, AN AGENCY WHICH HAS BEEN ESSENTIALLY TAHER'S SHOW.

7. ACTION REQUESTED: ALTHOUGH GAMRI IS NOT A KEY DECISION MAKER, HE IS ONE OF THE BEST SAUDI THINKERS, AND IS IN A POSITION TO KNOW HOW SAUDI POSITIONS ARE DEVELOPING. EMBASSY RECOMMENDS THAT U.S. DELEGATION MAKE EVERY EFFORT TO DEVELOP A CONTINUING RELATIONSHIP WITH HIM. EMBASSY WOULD APPRECIATE RECEIPT ASAP OF
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DOCUMENT MENTIONED ABOVE, AND ANY SIMILAR DOCUMENTS WHICH WOULD BE USEFUL IN STAYING ABREAST OF DEVELOPMENTS AT CIEC.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC COOPERATION, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JIDDA01775
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760090-0685
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760381/aaaactfa.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 20560
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 19 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 APR 2004 by ElyME>; APPROVED <20 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WORK OF CIEC
TAGS: ENRG, SA, CIEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006